

**TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana**

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2012

TWENTY-SIXTH JUDICIAL DISTRICT COURT
 JUDICIAL EXPENSE FUND
 Bossier and Webster Parishes
 State of Louisiana
 Annual Financial Report
 Year Ended December 31, 2012

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INDEPENDENT AUDITORS' REPORT

The Honorable Judges of the Twenty-Sixth
Judicial District Court – Judicial Expense Fund
Bossier and Webster Parishes, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Twenty-Sixth Judicial District Court - Judicial Expense Fund as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Twenty-Sixth Judicial District Court - Judicial Expense Fund as of December 31, 2012, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 3-7 and on pages 26-28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Twenty-Sixth Judicial District Court - Judicial Expense Fund's basic financial statements. The accompanying other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 21, 2013, on our consideration of the Twenty-Sixth Judicial District Court - Judicial Expense Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Twenty-Sixth Judicial District Court - Judicial Expense Fund's internal control over financial reporting and compliance.

Jameson, Wise & Martin

Minden, Louisiana
June 21, 2013

TWENTY-SIXTH JUDICIAL DISTRICT COURT
BOSSIER AND WEBSTER PARISHES



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MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Twenty-Sixth Judicial District Court - Judicial Expense Fund (JEF) provides an overview of the JEF's financial activities for the year ended December 31, 2012, in an easily readable analysis. Please read it in conjunction with our financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- The assets of the JEF exceeded its liabilities at the close of 2012 by \$1,591,610.
- The JEF's total fund revenues were \$218,746 in 2012, an increase of 13% compared with last year's revenues.
- The Child Support Fund's (CSF) total fund revenues were \$526,678 in 2012, an increase of 9% compared with last year's revenues.
- During the year ended December 31, 2012, the governmental funds, JEF and CSF had total expenses of \$277,222 and \$416,977, respectively.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 & 10) provide information about the activities of the JEF as a whole and present a longer-term view of the JEF's finances. Fund financial statements tell how governmental activities were financed in the short term as well as what remains for future spending. Fund financial statements also report the JEF's operations in more detail than the government-wide statements by also providing information about all of the JEF's governmental funds.

These financial statements consist of three sections: Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Reporting the Twenty-Sixth Judicial District Court - Judicial Expense Fund as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the JEF as a whole begins on page 9. One of the most important questions asked about the JEF's finances is, "Is the JEF as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the JEF as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting* which is similar to the format used by most private-sector businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the JEF's *net position* and changes in them. One could think of the JEF's net position — the difference between assets and liabilities — as one way to measure the JEF's financial

health or *financial position*. Over time, *increases* and *decreases* in the JEF's net position are one indicator of whether its *financial health* is improving or deteriorating. One needs to consider other non-financial factors, however, such as changes in the number of cases handled by the District Court as well as the number of judgeships approved by the State Legislature and the State's economic condition, to assess the overall health of the JEF.

Currently, the JEF has only governmental activities that provide for personnel, equipment, supplies, and other costs related to the proper administration of the District Court. Primarily, court costs, fines, and fees finance these activities.

Reporting the Funds of the Twenty-Sixth Judicial District Court - Judicial Expense Fund

Fund Financial Statements

Our analysis of the major funds maintained by the JEF begins on page 11. The fund financial statements begin on page 11 and provide detailed information about the specific activities of the significant funds maintained by the JEF - not the JEF as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations. The JEF's *governmental funds* use the following accounting approach:

Governmental funds — All of the JEF's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the *modified accrual* accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the JEF's general government operations and the expenses paid from those funds. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the JEF's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation following the fund financial statements.

THE TWENTY-SIXTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND AS A WHOLE

The JEF's total net position changed from a year ago, increasing from \$1,558,387 to \$1,591,610. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the JEF's governmental activities.

Table 1
Changes in Net Position

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 1,450,766	\$ 1,408,929
Capital assets	<u>161,098</u>	<u>180,288</u>
Total assets	<u>1,611,864</u>	<u>1,589,217</u>
Current liabilities	<u>20,254</u>	<u>30,830</u>
Total liabilities	<u>20,254</u>	<u>30,830</u>
Net position:		
Invested in capital assets	161,098	180,288
Unrestricted	<u>1,430,512</u>	<u>1,378,099</u>
Total net position	<u>\$ 1,591,610</u>	<u>\$ 1,558,387</u>

Net position of the JEF's governmental activities increased overall by \$33,223 or 2%. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased by \$52,413 or 4%.

Table 2
Change in Net Position

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Revenues:		
Program revenues		
Charges for services	\$ 694,100	\$ 636,988
Operating grants/contributions	29,400	29,400
Capital grants/contributions	-	3,195
General Revenues		
Interest earned	<u>12,614</u>	<u>6,710</u>
Total revenues	<u>\$ 736,114</u>	<u>\$ 676,293</u>
Expenses:		
Judicial Expense	275,389	279,468
Child Support	<u>427,502</u>	<u>387,338</u>
Total expenses	<u>702,891</u>	<u>666,806</u>
Increase (decrease) in net position	<u>\$ 33,223</u>	<u>\$ 9,487</u>

When comparing 2012 to 2011, revenues increased by \$59,821. The support fees and collections from government agencies increased by \$57,112 compared to last year's collections, while interest income increased by \$5,904.

Total expenses increased by \$36,085. When compared with prior year's expenses, the District experienced an increase in all categories of general government, except for personnel service and benefits, professional services and books and publications, whose costs decreased over last year's by 1%, 2% and 31%, respectively.

THE JEF's FUNDS

As the JEF completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a fund balance of \$1,373,800, which is \$51,225 more than last year's fund balance of \$1,322,575. The revenues for this year were higher than last year's revenues, noting an increase of 10%. Overall expenditures decreased by \$125,668 when compared with last year's expenditures, with a majority of the decrease occurring in capital outlay and books and publications.

General Fund Budgetary Highlights

The JEF adopted a budget for its General Fund and each special revenue fund for the year ended December 31, 2012. During the year, the budgets for both funds were revised one time. The budgetary comparison is presented as required supplementary information and shown on pages 26-27.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2012, the JEF had invested \$161,098 in capital assets. (see table 3 below)

Table 3
Capital Assets At Year End
(Net of Depreciation)

	<u>Governmental activities</u>	
	<u>2012</u>	<u>2011</u>
Furniture and fixtures	\$ 4,621	\$ 4,621
Computer equipment and software	343,947	317,447
Other office equipment	-	16,129
Total capital assets	348,568	338,197
Less: accumulated depreciation	(187,470)	(157,909)
Net capital assets	<u>\$ 161,098</u>	<u>\$ 180,288</u>

Depreciation for the year was \$45,690. Major capital asset additions include expenses for work in progress to make operational a data sharing module. More detailed information about the capital assets is presented in Note E to the financial statements.

DEBT

At December 31, 2012, the JEF had no outstanding bonded debt. More detailed information about the debt is presented in Note F to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The JEF's management considered many factors when setting a fiscal year December 31, 2013 budget. Court operations are funded extensively by the Parishes of Bossier and Webster. The most important

factors affecting the budget are projected revenue from court costs, fines and fees. The 2013 fiscal budget was set for total projected revenues of \$791,750 and total projected expenditures of \$791,750, for a projected decrease in total net position of \$0.

CONTACTING THE TWENTY-SIXTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens and taxpayers with a general overview of the JEF's finances for those funds maintained by the JEF and to show the JEF's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Suzanne H. Stinson, Court Administrator at P.O. Box 310, Benton, Louisiana 71006.

BASIC FINANCIAL STATEMENTS

**TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana**

**Statement of Net Position
December 31, 2012**

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash	\$ 333,568
Investments	1,002,539
Accounts receivable	45,663
Receivable from other governments	59,956
Prepaid items	<u>9,040</u>
Total current assets	1,450,766
Non-current assets:	
Capital assets, net of depreciation	<u>161,098</u>
Total assets	<u>1,611,864</u>
LIABILITIES	
Current liabilities:	
Accounts payable	<u>20,254</u>
Total liabilities	<u>20,254</u>
NET POSITION	
Invested in capital assets	161,098
Unrestricted	<u>1,430,512</u>
Total net position	<u>\$ 1,591,610</u>

The accompanying notes are an integral part of this statement.

**TWENTY-SIXTH JUDICIAL DISTRICT COURT -
JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana**

**Statement of Activities
For the Year Ended December 31, 2012**

	Program Revenues			Net (Expenses) Revenue
	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	
Governmental activities				
General government:				
Judicial Expense Fund	\$ 275,389	\$ -	\$ 29,400	\$ (78,520)
Child Support Fund	427,502	-	-	99,129
Total governmental activities	<u>702,891</u>	<u>-</u>	<u>29,400</u>	<u>20,609</u>
Total primary government	<u>\$ 702,891</u>	<u>\$ -</u>	<u>\$ 29,400</u>	<u>20,609</u>
General revenues:				
Interest				<u>12,614</u>
Total general revenues and transfers				<u>12,614</u>
Change in net position				33,223
Net position-beginning				<u>1,558,387</u>
Net position-ending				<u>\$ 1,591,610</u>

The accompanying notes are an integral part of this statement.

**TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana**

**Balance Sheet - Governmental Funds
December 31, 2012**

	Judicial Expense Fund	Child Support Fund	Totals Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 270,927	\$ 62,641	\$ 333,568
Investments	1,002,539	-	1,002,539
Accounts receivable	-	44,086	44,086
Receivable from other governments	13,861	-	13,861
Total assets	<u>\$ 1,287,327</u>	<u>\$ 106,727</u>	<u>\$ 1,394,054</u>
LIABILITIES			
Accounts payable	\$ 12,549	\$ 7,705	\$ 20,254
Total liabilities	<u>12,549</u>	<u>7,705</u>	<u>20,254</u>
FUND BALANCES			
Unassigned	1,274,778	-	1,274,778
Assigned	-	99,022	99,022
Total fund balance	<u>1,274,778</u>	<u>99,022</u>	<u>1,373,800</u>
Total liabilities and fund balances	<u>\$ 1,287,327</u>	<u>\$ 106,727</u>	<u>\$ 1,394,054</u>

The accompanying notes are an integral part of this statement.

**TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana**

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2012**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balances, Total Governmental Funds (Statement C)	\$ 1,373,800
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	161,098
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	9,040
Other assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds	<u>47,672</u>
Net Position of Governmental Activities (Statement A)	<u><u>\$ 1,591,610</u></u>

The accompanying notes are an integral part of this statement.

**TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana**

**Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2012**

	Judicial Expense Fund	Child Support Fund	Total Governmental
REVENUES			
Fees and fines	\$ 154,686	\$ 526,631	\$ 681,317
Interest	12,932	47	12,979
Grants	29,400	-	29,400
Other miscellaneous income	21,728	-	21,728
Total revenues	<u>218,746</u>	<u>526,678</u>	<u>745,424</u>
EXPENDITURES			
General government			
Personnel service & benefits	125,128	267,951	393,079
Travel, seminars, & conferences	23,524	17,453	40,977
Operating services	71,010	81,997	153,007
Professional services	9,047	3,906	12,953
Books & publications	20,612	20,929	41,541
Capital outlay	27,901	24,741	52,642
Total expenditures	<u>277,222</u>	<u>416,977</u>	<u>694,199</u>
Excess (deficiency) of revenues over expenditures	(58,476)	109,701	51,225
OTHER FINANCING SOURCES (USES)			
Operating transfers in	103,329	-	103,329
Operating transfers out	-	(103,329)	(103,329)
Total other financing sources (uses)	<u>103,329</u>	<u>(103,329)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	44,853	6,372	51,225
Fund balance - beginning of year	<u>1,229,925</u>	<u>92,650</u>	<u>1,322,575</u>
Fund balance - end of year	<u>\$ 1,274,778</u>	<u>\$ 99,022</u>	<u>\$ 1,373,800</u>

The accompanying notes are an integral part of this statement.

**TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana**

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
December 31, 2012**

Net change in fund balances - total governmental funds (Statement E)	\$ 51,225
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Amounts reported for government activities in the
statement of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is
allocated over their estimated useful lives as depreciation expense.
This is the amount by which capital outlays exceeded depreciation
in the current period.

(8,692)

Revenues in the statement of activities that do not provide current
resources are not reported as revenues in the funds.

(9,310)

Change in net position of governmental activities (Statement B)	<u>\$ 33,223</u>
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The accompanying notes are an integral part of this statement.

TWENTY-SIXTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana

Notes to the Financial Statements
December 31, 2012

INTRODUCTION

The Twenty-Sixth Judicial District Court - Judicial Expense Fund was established under Louisiana Revised Statutes 13:996.50, which provides for a separate fund for the receipt and disbursement of designated court fines, costs or forfeitures imposed under the law for the judicial expense fund. The judicial expense fund is administered by the judges, en banc, of the Twenty-Sixth Judicial District. The monies of the Twenty-Sixth Judicial District Court - Judicial Expense Fund may be expended for those expenditures deemed necessary for the proper operation of the Fund, including clerical and other necessary personnel, law library costs, court equipment and supplies, and travel expenses and fees incurred by any judge or clerk to attend seminars or conferences. No salaries may be paid to any of the judges of the district from the judicial expense fund.

The accounting and reporting policies of the Twenty-Sixth Judicial District Court - Judicial Expense Fund conform to generally accepted accounting principles as applicable to governmental entities.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statements of the Twenty-Sixth Judicial District Court - Judicial Expense Fund (JEF) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

REPORTING ENTITY

These financial statements include only information pertaining to the transactions of the Twenty-Sixth Judicial District Court - Judicial Expense Fund. Other local governmental entities are considered separate reporting entities and are thus excluded from the accompanying financial statements.

As the governing authority of the consolidated government, the Parishes of Bossier and Webster are the financial reporting entities for the consolidated government. In compliance with the provisions of GASB No. 14, *The Financial Reporting Entity*, the financial reporting entities consist of the primary governments, and includes all component units of which the Parish appoints a voting majority of the units' board; the Parish is either able to impose its will on the unit or a financial benefit or burden relationship exists.

The JEF is part of the operations of the district court system that is fiscally dependent on the two Parishes. The Parishes provide directly to the court office space, court rooms, personnel services, and other supplies and services. The nature of the relationship between the JEF and the district court

TWENTY-SIXTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana

Notes to the Financial Statements
December 31, 2012

and the Parishes is significant. Therefore, the JEF was determined to be a component unit of both Bossier and Webster Parish, the financial reporting entities. The accompanying financial statements present information only on the JEF maintained by the Twenty-Sixth Judicial District Court and do not present any other information on the District Court or the Parishes, the general government services provided by those government units, or on the other governmental units that comprise the financial reporting entities.

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements – The JEF's basic financial statements include both government-wide (reporting the funds maintained by the JEF as a whole) and fund financial statements (reporting the JEF's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All of the JEF's activities are categorized as governmental activities. The JEF does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The JEF's net position is reported in two parts - invested in capital assets, net of related debt; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the JEF's functions. The functions are also supported by general government revenues (certain intergovernmental revenues, fines, court costs and fees, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (certain intergovernmental revenues, fines, court costs and fees, etc.).

This government-wide focus is on the sustainability of the JEF as an entity and the change in the JEF's net position resulting from the current year's activities.

Fund Financial Statements – The financial transactions of the JEF are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

TWENTY-SIXTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana

Notes to the Financial Statements
December 31, 2012

Only the governmental fund type is used by the JEF. The focus of the governmental funds' measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financials resources) rather than upon net income. The funds of the JEF are described as follows:

- *General Fund* – The general fund is the general operating fund and accounts for all activities of the JEF except those required to be accounted for in another fund.
- *Special Revenue Fund* – Special revenue funds are used to account for proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The Child Support Fund is the JEF's only special revenue fund.

FUND BALANCE

Governmental fund equity is called the fund balance. GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly-defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. Fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Fund balance of the JEF has been classified into the following categories:

Assigned - Amounts that are constrained for a specific purpose by the Judges but are not spendable until a budget ordinance is passed.

Unassigned: This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose, the Fund would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus – The government-wide financial statements are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the

TWENTY-SIXTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana

Notes to the Financial Statements
December 31, 2012

determination of operating income, changes in net position and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported. All governmental funds utilize a current financial resources measurement focus in the fund financial statements. Only current financial assets and liabilities are generally included on the balance sheet. Operating statements present sources and uses of available spendable financial resources during a given period. The fund balance is the measure of available spendable financial resources at the end of the period.

Basis of Accounting - The government-wide financial statements are presented using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred or economic assets are used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Revenues are recognized when "measurable and available." "Measurable" means that the amount of a transaction can be determined, and "available" means that an amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

FINANCIAL STATEMENT AMOUNTS

Cash and cash equivalents - Cash includes all demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Cash and cash equivalents are reported at their carrying amounts that equal fair market value.

Investments - Investments are limited by R.S. 33:2955 and the JEF's investment policy. Investments consist of time deposits with original maturities of 90 days or more.

Interfund receivables and payables - During the course of operations, transactions occur between funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Interfund receivables and payables are eliminated in the Statement of Net position.

Receivables - In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. No allowance for uncollectible accounts receivable is established since all receivables are determined to 100% collectible. Major receivable balances for governmental activities include amounts due from the Parish Clerk of Courts and Sheriff Departments for collection of court costs, fines and other fees. Receivables are included in the fund financial statements if they are both measurable and available. The JEF considers revenues to be available if they are collected within 30 days of the end of the year.

TWENTY-SIXTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana

Notes to the Financial Statements
December 31, 2012

Prepaid assets – Advance payments for software assurance licenses are expensed as the period on the contract lapses. The balance in prepaid assets represents a portion of a two-year contract.

Capital Assets – In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost. If the asset was donated, it is recorded at its estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is calculated on a straight-line basis over the following estimated useful lives:

Computer equipment, including software	5-10 years
Other office equipment	5-10 years
Furniture and fixtures	10-20 years
Office renovations	10-20 years

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures upon acquisition. Capital assets reported herein include only those assets purchased by the JEF or donated to the JEF, and do not reflect assets of the court obtained from other sources.

Revenues – Substantially all government fund revenues are accrued. Those revenues include fines, bonds forfeited, civil fees, probate fees, and adoption fees imposed by the district courts and are recorded in the year they are collected by the district courts within the judicial district. Child support fees represent a 5% surcharge on child support payments collected within the Twenty-Sixth Judicial District and are reported when the income is available.

Interest earned on investments is recorded when the investments have matured and the income is available. Substantially all other revenues are recorded when received.

Expenditures - Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

BUDGETS AND BUDGETARY ACCOUNTING

Annually, the judges prepare a budget for the JEF on the cash basis of accounting. The authority to amend the budget is reserved by the judges. Formal budget integration (in the accounting records) is employed as a management control device during the year. Appropriations lapse at year-end. Encumbrance accounting is not used by the JEF.

For the year ended December 31, 2012, the judges adopted budgets for the JEF and Child Support Fund (CSF).

TWENTY-SIXTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
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Notes to the Financial Statements
December 31, 2012

The revenues and expenditures shown on page 13 are reconciled with the amounts reflected on the budget comparison on pages 25 & 26 as follows:

	<u>Judicial Expense Fund</u>	<u>Child Support Fund</u>
Excess (deficiency) of revenues over expenditures, GAAP basis	\$ 44,853	\$ 6,372
To adjust for receivables	(5,328)	(1,039)
To adjust for payables	<u>(1,043)</u>	<u>(5,428)</u>
Excess (deficiency) of revenues over expenditures, Budget – Cash basis	\$ <u>38,482</u>	\$ <u>(95)</u>

B. CASH, CASH EQUIVALENTS AND INVESTMENTS

At December 31, 2012, the Twenty-Sixth Judicial District Court Judicial Expense Fund had cash and cash equivalents as shown below:

	<u>Book Balance</u>	<u>Bank Balance</u>
Interest-bearing deposits	\$ <u>333,568</u>	\$ <u>385,032</u>

At December 31, 2012, the Twenty-Sixth Judicial District Court Judicial Expense Fund had investments in certificates of deposit (book balances) totaling \$1,002,539.

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2012, the Twenty-Sixth Judicial District Court Judicial Expense Fund has \$1,387,572 in bank balances. These deposits are secured from risk by \$1,196,291 of federal deposit insurance and \$3,932,404 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the

TWENTY-SIXTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
 Bossier and Webster Parishes
 State of Louisiana

Notes to the Financial Statements
 December 31, 2012

custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Twenty-Sixth Judicial District Court Judicial Expense Fund that the fiscal agent has failed to pay deposited funds upon demand.

C. ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2012 is as follows:

<u>Class of receivable</u>	<u>Balance Sheet- Governmental Funds</u>	<u>Statement of Net Position</u>
LA Department of Social Services	\$ 44,086	\$ 44,086
Interest receivable	<u> -</u>	<u>1,577</u>
Total	\$ <u>44,086</u>	\$ <u>45,663</u>

There is generally no allowance for doubtful accounts since all receivables are deemed collectible.

D. INTERGOVERNMENTAL RECEIVABLES

Amounts due from other governmental units reported in the Statement of Net Position as of December 31, 2012 is as follows:

	<u>2012</u>	<u>2011</u>
Bossier Parish Clerk of Court	\$ 1,885	\$ 1,265
Bossier Parish Sheriff's Department	4,176	4,239
Webster Parish Clerk of Court	435	357
Webster Parish Bond Fee	5,107	9,721
Webster Parish Sheriff's Department	1,853	1,492
26 th Judicial District Drug Court	<u>46,500</u>	<u>46,500</u>
Totals	\$ <u>59,956</u>	\$ <u>63,574</u>

TWENTY-SIXTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana

Notes to the Financial Statements
December 31, 2012

E. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 is as follows:

	Balance December 31, <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2012</u>
Computer equipment, including software	\$ 317,447	\$ 26,500	\$ -	\$ 343,947
Other office equipment	16,129	-	16,129	-
Furniture and fixtures	<u>4,621</u>	<u>-</u>	<u>-</u>	<u>4,621</u>
Totals	<u>338,197</u>	<u>26,500</u>	<u>16,129</u>	<u>348,568</u>
Accumulated depreciation				
Computer equipment, Including software	137,159	45,690	-	182,849
Other office equipment	16,129	-	16,129	-
Furniture and fixtures	<u>4,621</u>	<u>-</u>	<u>-</u>	<u>4,621</u>
Totals	<u>157,909</u>	<u>45,741</u>	<u>16,129</u>	<u>187,470</u>
Capital assets, net	\$ <u>180,288</u>	\$ <u>(19,241)</u>	\$ <u>-</u>	\$ <u>161,098</u>

Depreciation expense was charged to governmental activities as follows:

Judicial Expense	\$ 18,715
Child Support	<u>26,975</u>
Total	\$ <u>45,690</u>

F. LONG-TERM DEBT

As of December 31, 2012, the JEF had no governmental long-term debt.

All of the employees of the judicial expense fund are considered employees of either the Bossier or Webster Parish Police Juries. According to the Judges' office policy, there are no accumulated and vested benefits relating to annual and sick leave that requires disclosure or accrual to conform to generally accepted accounting principles.

G. SALARY EXPENDITURES

The Parishes administer the payroll for all District Court employees excluding the judges. The JEF reimburses Bossier Parish for the salaries and related fringe benefits of certain court employees, the Court Administrator and the Law Clerks in general. The amounts included in the accompanying financial statements are the actual salary expenditures of the JEF.

TWENTY-SIXTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
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Notes to the Financial Statements
December 31, 2012

H. PENSION PLAN

All of the JEF's employees are considered employees of the Bossier and Webster Parish Police Juries and, accordingly, are enrolled by the respective Police Juries as members of Plan A of the Parochial Employees Retirement System of Louisiana ("System"), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The respective Police Juries and the judicial expense fund do not guarantee any of the benefits granted by the System.

I. LEASES

The JEF does not have any capital leases or operating leases as of December 31, 2012.

J. LITIGATION

There is no litigation pending directly against the JEF at December 31, 2012.

K. ARRANGEMENTS WITH PARISH GOVERNMENTS

The district judges' office space, including utilities and certain office equipment and furniture, are furnished by the Bossier and Webster Parish Police Juries free of charge.

L. ARRANGEMENTS WITH OTHER GOVERNMENTS

The JEF has an agreement with the 26th Judicial District Drug Court to provide bookkeeping services to the Drug Court for a monthly fee of \$1,500 beginning in November 2011.

In December 2010, the JEF decided to discontinue monthly transfers and made available a one-time amount of \$45,000 to assist the 26th Judicial District Drug Court in meeting its cash flow deficiency created by having to cover its monthly payroll expenses on timely basis as requested by the Bossier Parish Police Jury. The amount of \$45,000 is shown as a receivable from other governments on the Statement of Net Position as of December 31, 2012.

M. CHILD SUPPORT ENFORCEMENT FUND

Louisiana Revised Statute 46:236.5 allows any court establishing or enforcing support obligations to implement an expedited process for the establishment or enforcement of support and provides that the judges of the appropriate court shall oversee the operations of the fund and shall appoint a hearing officer to hear support and support related matters. At the end of the reporting period all residual funds from the Child Support Enforcement Fund are to be transferred to the general operating account of the Judicial Expense Fund.

TWENTY-SIXTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
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Notes to the Financial Statements
December 31, 2012

N. DEFICIT FUND BALANCE

There were no deficit fund balances for the year ended December 31, 2012.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana

Budgetary Comparison Schedule - General Fund
Judicial Expense Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts (Cash Basis)	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES (inflows)				
Fees and fines:				
Bossier Clerk of Court	\$ 16,000	\$ 13,823	\$ 13,823	\$ -
Webster Clerk of Court	6,000	4,648	4,647	(1)
Bossier Parish Sheriff	65,000	59,395	59,395	-
Webster Parish Sheriff	35,000	28,495	28,498	3
Webster Parish Sheriff - bond fee	34,000	42,996	42,996	-
Intergovernmental:				
FINS grant	29,400	29,400	29,400	-
26th Judicial District Drug Court	18,000	18,000	18,000	-
Interest	10,000	12,064	12,932	868
Reimbursed Judges Travel	10,000	3,728	3,728	-
Total revenues	<u>223,400</u>	<u>212,549</u>	<u>213,419</u>	<u>870</u>
EXPENDITURES (outflows)				
Judicial Expenditures:				
Judicial Court Administration expenditures	277,250	278,136	278,266	(130)
FINS expenditures	-	-	-	-
Total expenditures	<u>277,250</u>	<u>278,136</u>	<u>278,266</u>	<u>(130)</u>
Excess (deficiency) of revenues over (under) expenditures	(53,850)	(65,587)	(64,847)	740
Other financing sources (uses)				
Transfer from Child Support Fund	-	-	103,329	103,329
Excess (deficiency) of revenues and other sources over expenditures and other uses	(53,850)	(65,587)	38,482	104,069
Fund balance at beginning of year	<u>1,234,984</u>	<u>1,234,984</u>	<u>1,234,984</u>	-
Fund balance at end of year	<u>\$ 1,181,134</u>	<u>\$ 1,169,397</u>	<u>\$ 1,273,466</u>	<u>\$ 104,069</u>

The accompanying notes are an integral part of this statement.

TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana

Budgetary Comparison Schedule - Special Revenue Fund
Child Support Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts (Cash Basis)	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES (inflows)				
Fees and fines:				
5% Support Enforcement fee (net)	\$ 450,000	\$ 525,735	\$ 525,592	\$ (143)
Interest	-	-	47	47
Total revenues	<u>450,000</u>	<u>525,735</u>	<u>525,639</u>	<u>(96)</u>
EXPENDITURES (outflows)				
Judicial Expenditures:				
FINS expenditures	96,016	92,020	91,888	132
Support expenditures	353,984	330,594	330,517	77
Total expenditures	<u>450,000</u>	<u>422,614</u>	<u>422,405</u>	<u>209</u>
Excess of revenues over expenditures	-	103,121	103,234	113
Other financing sources (uses)				
Transfer to Judicial Expense Fund	<u>-</u>	<u>-</u>	<u>(103,329)</u>	<u>(103,329)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	103,121	(95)	(103,216)
Fund balance at beginning of year	<u>62,737</u>	<u>62,737</u>	<u>62,737</u>	<u>-</u>
Fund balance at end of year	<u>\$ 62,737</u>	<u>\$ 165,858</u>	<u>\$ 62,642</u>	<u>\$ (103,216)</u>

The accompanying notes are an integral part of this statement.

TWENTY-SIXTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
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Notes to Required Supplementary Information
on Budgetary Accounting and Control
December 31, 2012

BUDGETARY ACCOUNTING AND CONTROL

Budget Law

The JEF prepares its annual operating budget under the provisions of the Louisiana Municipal Budget Act. In accordance with those provisions, the following procedures are used in adopting the annual budget for the general fund:

1. An operating budget is prepared for the general fund at least fifteen days prior to the commencement of the budgetary fiscal year. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. The budget is available for public inspection at least fifteen days prior to the beginning of the fiscal year.
3. The budget is adopted after consideration of public comment, if any, and authorized for implementation on the first day of the fiscal year.
4. The general fund's budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by character (personnel services, group benefits, supplies, contractual services, and capital outlay, etc.) Total expenditures constitute the legal level of control. Expenditures may not exceed the sum of appropriations plus the unreserved prior year fund balance. The budget may be revised during the year as estimates regarding revenues and expenditures change.
5. Appropriations lapse at the end of each fiscal year.
6. Transfers of funds between the judicial expense fund and child support funds were not included in the budget. Since the activity of both funds is accounted for through one bank account, no actual transfer of funds is made.

The budget for the Non-Support fund is prepared and submitted in conjunction with the budget for the general fund.

The annual operating budgets are prepared and presented on the cash basis of accounting.

OTHER REPORT

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Judges of the Twenty-Sixth
Judicial District Court – Judicial Expense Fund
Bossier and Webster Parishes, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Twenty-Sixth Judicial District Court - Judicial Expense Fund as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Twenty-Sixth Judicial District Court - Judicial Expense Fund's basic financial statements and have issued our report thereon dated June 21, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Twenty-Sixth Judicial District Court - Judicial Expense Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Twenty-Sixth Judicial District Court - Judicial Expense Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Twenty-Sixth Judicial District Court - Judicial Expense Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the fund's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less

severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Twenty-Sixth Judicial District Court - Judicial Expense Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jameson, Wise & Martin

Minden, Louisiana
June 21, 2013

OTHER INFORMATION

TWENTY-SIXTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
December 31, 2011

There were no items required to be reported in accordance with *Government Auditing Standards*.

TWENTY-SIXTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana

SCHEDULE OF CURRENT YEAR AUDIT FINDINGS
December 31, 2012

There were no items required to be reported in accordance with *Government Auditing Standards*.